

Message Text

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ACTION EUR-12

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FM AMCONSUL HALIFAX
TO SECSTATE WASHDC PRIORITY 2151
INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 0226

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TAGS: EALR, ENRG, CA
SUBJECT: NEWFOUNDLAND OIL AND GAS REGULATIONS:
MOBIL ACCEPTS

REF: HALIFAX A-10, HALIFAX 0120

1. MOBIL OIL CANADA HAS ACCEPTED NEWFOUNDLANDS' OIL AND GAS REGULATIONS AND TAKEN OUT 21 FIRST ROUND EXPLORATORY PERMITS TO DRILL IN SHALLOW WATER AREA ABOUT 200 MILES EAST OF ST JOHN'S. MOBIL'S MAIN GROUP OF PERMITS ARE CENTERED AROUND THE ADOLPHUS 2K-41 WELL DRILLED IN 1973. FIVE WELLS ALREADY DRILLED BY MOBIL HAVE BEEN ACCEPTED BY NFLD GOVT AS FULFILLMENT OF COMPANY'S DRILLING OBLIGATIONS UNDER NFLD REGULATIONS FOR INITIAL EXPLORATION PERIOD OF THREE YEARS. MOBIL'S 21 NFLD PERMITS COVER 6.5 MILLION ACRES - 56 PER CENT OF COMPANY'S HOLDINGS UNDER CANADIAN FEDERAL PERMITS. MOBIL IS REQUIRED TO COMMIT C300,000 DOLS FOR RESEARCH, DEVELOPMENT, EDUCATION, AND TRAINING IN NFLD DURING FIRST YEAR OF PROVINCIAL PERMITS.

2. ANNOUNCEMENT ON GRANT OF MOBIL PERMITS WAS MADE
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DURING MAY 4, 1978 PRESS CONFERENCE HELD BY NFLD ENERGY MINISTER BRIAN PECKFORD. PECKFORD SAID THAT WHILE MOBIL IS NOT OBLIGATED TO DRILL DURING THREE YEAR PERIOD, HE EXPECTS THAT THEY WILL DO SO. PECKFORD NOTED THAT TALKS ON PROVINCIAL PERMITS WITH EASTCAN EXPLORATION AND IMPERIAL OIL ARE CONTINUING "VERY FAVORABLY" AND THAT HE IS HOPEFUL OF MAKING A FURTHER

ANNOUNCEMENT WITHIN THE NEXT TWO WEEKS. PECKFORD SAID THAT ONLY AMOCO APPEARS TO BE PULLING OUT OF DRILLING IN THE AREA AND THAT WAS BECAUSE THEY HAD UNSUCCESSFULLY DRILLED 40 OR 50 WELLS OFF THE GRAND BANKS. AMOCO HAS BEEN RELINQUISHING ACREAGE HELD UNDER ITS FEDERAL PERMITS.

3. GRANT OF PERMITS TO MOBIL FOLLOWS GRANT ON MARCH 1 TO SHELL CANADA RESOURCES LTD., WHICH WAS THE FIRST COMPANY TO ACCEPT NFLD'S OIL AND GAS REGULATIONS (REPORTED IN REPAIR AND REFTTEL). PROSPECTS FOR ACCEPTANCE BY OTHER COMPANIES NOW SEEM ENHANCED.

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